

Term Sheet for the Knights Landing Outfall Gates Operations Agreement

(version March 19, 2025)

Preamble

The purpose of this document is to establish a Term Sheet as a step towards the development of an Operations Agreement for the Knights Landing Outfall Gates (KLOG) between the Sites Project Authority Joint Powers Authority (Sites Authority) and the California Department of Water Resources (DWR) ("Operations Agreement"). The Sites Authority and DWR are herein collectively referred to as "Parties". The use of the Lower Colusa Basin Drain (CBD) System by the Sites Reservoir Project (Project) to convey Sites Reservoir releases to the Sacramento River will affect operations of KLOG by DWR. Along with Wallace Weir, the KLOG, which is located approximately one-quarter mile upstream from the CBD's confluence with the Sacramento River, regulates the water surface elevation in the Lower CBD System and the distribution of flows directly to the Sacramento River from the CBD and flows to Knights Landing Ridge Cut (KLRC). KLOG and Wallace Weir have coordinated operations. The Operations Agreement referenced herein will set forth terms for the Project's use of the KLOG. An Operations Agreement may similarly be developed for the Project's use of Wallace Weir, if needed.

There are several issues that still need to be discussed and resolved to develop a full and complete Operations Agreement; however, the Parties agree that this document represents their mutual understanding of the terms and principles to guide those continuing discussions. The Parties agree to work cooperatively and in good faith to incorporate and adjust the terms and principles outlined herein in the negotiation, execution, and implementation of an Operations Agreement on terms mutually acceptable to the Parties.

Terms and Principles for the Development of the KLOG Operations Agreement

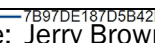
Delivering the benefits of the Project requires the use of the Lower CBD System and coordinated Sites Authority and DWR operations of the KLOG. The terms and principles for the development of the Operations Agreement for such coordinated operations are presented below. These terms and principles are consistent with the Sites Authority's Resolution No. 2023-01, *Resolution Adopting Principles Establishing Guidelines for the Sites Project's Use of the Lower Colusa Basin Drain (CBD) System*, adopted on September 22, 2023.

1. Operation of the Project and use of KLOG will not negatively impact DWR's flood protection operations and ability to meet existing legal and regulatory obligations.
2. The Parties will work cooperatively to allow DWR to continue to meet the terms of the Hershey Agreement between the Hershey Family¹ and Sacramento and San Joaquin Drainage District dated July 17, 1937 ("Hershey Agreement"), which requires DWR to maintain local landowners' access to irrigation water from the KLRC. If needed to accommodate the Project's use of KLOG, the Parties will work cooperatively with the local landowners and DWR to reach agreement on amendment/s to the Hershey Agreement.

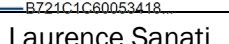
¹Identified as Cornelia A. Hersey, Davidella Hershey, Grace H. Hershey, D.N.Hershey, and Florence F. Hershey in the Hershey Agreement.

3. The Parties will agree on needed engineering analysis and other studies to inform DWR's evaluation of the impacts of the Project's use of KLOG. The Sites Authority will be responsible for the costs of such reasonable engineering analysis and studies, unless mutually agreed upon otherwise by the Parties.
4. The Sites Authority will work cooperatively with DWR, local agencies with jurisdiction, and landowners adjacent to the Lower CBD System to leverage the Project's use of the Lower CBD System to the benefit of existing users of the Lower CBD System where feasible and cost-effective for the Project to do so. The Project operates under the "Beneficiary Pays Principle," the principle for allocating all costs associated with delivering certain Project benefits, including public and non-public benefits, to the party receiving such benefits.
5. The Parties will work towards the development of coordinated and optimized operations of DWR's flood operations, local landowners' irrigation and drainage activities, and conveyance of Sites Reservoir releases. The Parties and Lower CBD System users will coordinate annually on the Project's releases to the Lower CBD System and KLOG, planned maintenance windows, and KLOG downtime, in accordance with the Sites Operations Plan.
6. The Parties will work cooperatively to evaluate DWR's ability to delegate operation of KLOG to the Sites Authority outside of the flood season, when the Project is conveying water for water supply and/or environmental benefits. This evaluation will consider the allocation of roles and responsibilities between DWR and the Sites Authority if DWR delegates operations to the Sites Authority.
7. The Sites Authority will develop a plan for Sites Reservoir Project water diversions and releases in accordance with the Sites Operations Plan, which will support proper accounting of Sites Reservoir releases to the CBD. Such Project-related data collection will be transparent and reasonably accessible to DWR and local agencies with jurisdiction.
8. At this time, only stage or water level is measured on the CBD at Knights Landing and on the Sacramento River at Knights Landing. The Parties will develop a method of flow measurement to measure and verify the flow rate and volume of Sites Releases conveyed to the Sacramento River.
9. The Sites Authority and DWR will work collaboratively to ensure compliance with the relevant regulatory processes, to avoid impacting KLOG's existing authorized use, and to garner support from all parties responsible for operating or maintaining KLOG facilities.

SITES PROJECT JOINT POWERS AUTHORITY

Signed by:  3/21/2025
 By: 
 Name: Jerry Brown
 Title: Executive Director

STATE OF CALIFORNIA DEPARTMENT OF WATER RESOURCES

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 By: 
 Name: Laurence Sanati
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